

Thriving Communities and Sharing Economy Act

SB 593

Senator McGuire

SUMMARY

The premise of SB 593 is simple: reinforce local laws already on the books. Where vacation rentals are legal, the bill will assist local jurisdictions in their regulation and collection of Transient Occupancy Taxes, (TOT) as more than 430 cities and 56 counties impose a TOT. Where vacation rentals are illegal by local ordinance, the bill will prohibit online vacation rental businesses from making a rental.

The Thriving Communities and Sharing Economies Act will empower local control, provide desperately needed funding for parks, local roads, fire and police services, and promote safe neighborhoods. SB 593 will require online vacation rental businesses to disclose information to cities and counties and/or collect and disperse Transient Occupancy Tax dollars – projected to be in the hundreds of millions of dollars statewide.

Background

Renting rooms is commonplace; however the impact of online vacation rental businesses (OVRBs) has forever changed the dynamic of the hospitality community.

OVRBs force neighborhoods, cities and counties to bear the costs and burden of their operation. Increased and undisclosed tourist traffic alters neighborhood character. This creates additional demands on public safety while at the same time, cities and counties lose out on revenue that could be invested in local services such as parks, roads and public safety. Moreover, the availability of affordable housing stock is being diminished for working families and seniors.

Problem

Presently, many cities and counties prohibit the renting of residences for less than 30 days. However, these prohibitions are frequently ignored by OVRBs, causing unwanted burden to city services, roads and neighborhood character while reducing TOT collection from sanctioned hotels. Rentals facilitated by OVRB's in these cities and counties go against the expressed wishes of the residents.

For the cities and counties that do allow short-term residential rentals, most require hosts to register and that transient occupancy taxes be paid. However, registration

and payment of TOT in these cities and counties are based on the owners of the short terms residential units voluntarily reporting their rental activity. However, there has been a severe under-registration of hosts and underpayment of TOT. Only 10% of hosts in San Francisco have followed the city ordinance to register. Sonoma County has had to spend in excess of \$200,000 in an attempt to track down those rentals that are not paying the required TOT under the ordinance. And Los Angeles is currently experiencing a rental housing shortage due in part to the recent popularity of OVRBs.

Clearly, cities and counties are unable to obtain this information due to the fact that OVRB's pass their responsibility to individual home-owners. This lack of oversight and enforcement presents a huge gap in accountability, and as a result, local laws and regulations are not being followed.

Solution

SB 593 will respect existing ordinances by empowering the local jurisdictions. It will provide critical tools to help cities and counties uphold their ordinances. The proposal has two components:

- **Assist local policies regarding OVRBs.** This bill will reinforce local ordinances by requiring OVRB's to disclose information (address of host rental, amount of nights stayed, and amount paid by the visitor) to the cities and counties-similar to the way hotels currently report their TOT. This information will allow cities and counties to ensure their laws are being followed. Local jurisdictions may also choose to have OVRBs collect the taxes and remit them.
- **Enforce local bans against short term residential rentals.** SB 593 will prohibit OVRBs from facilitating a residential rental if the transaction would violate a local ordinance. This will reinforce local control.

Additionally, cities and counties will have the ability to opt out of their information disclosure process at their discretion. They may opt back in to receive the reports by providing OVRB's with 90 days' notice.

Contact

Chris Nielsen, Office of Senator McGuire
(916) 651-4002
Christopher.nielsen@sen.ca.gov

Support

United States Senator Dianne Feinstein
American Federation of State, County, and Municipal Employees
American Hotel Lodging Association
American Insurance Associations
AIDS Housing Alliance
Anti-Eviction Mapping Project
Asian American Hotel Owner Association
Association for Los Angeles Deputy Sheriffs
Andaz West Hollywood
Beazley House Bed & Breakfast Inn
Borrego Springs Chamber of Commerce & Visitors' Bureau
California Alliance for Retired Americans
California Apartment Association
California Association of Boutique and Breakfast Inns
California Association of Code Enforcement Officers
California Association of County Treasurers and Tax Collectors
California College and University Police Chiefs Association
California Hotel & Lodging Association
California Labor Federation
California Narcotic Officers Association
California Police Chiefs Association
California Professional Firefighters
California State Association of Counties
California Teamsters Public Affairs Council
Chelsea Garden Inn
City of Big Bear Lake
City of Thousand Oaks
Coalition for Better Housing
Council of Community Housing Organizations
County of Mendocino
County of Mono
County of Sonoma
County of Tuolumne County
Courtyard Marriott Long Beach Downtown
Donner Lake Inn Bed & Breakfast
Ferndale Chamber of Commerce
Groveland Hotel
Harmony Inns of Monterey
Headlands Inn B&B
Hilton Los Angeles Universal City Hotel
Housing Rights Committee
Hotel Council of San Francisco
Hotel Council of Los Angeles
Humboldt County Convention & Visitors Bureau
Humboldt Lodging Association
Keep Neighborhoods First
International Faith Based Coalition
LAANE
League of California Cities
Long Beach Firefighters
Los Angeles Police Protective League
Marin County Council of Mayors and Councilmembers
Monterey County Hospitality Association

National Association of Mutual Insurance Companies
Neighbors for Overnight Oversight
North Lake Tahoe Chamber/CVB/Resort Association
Pacific Association of Domestic Insurance Companies
Pacific Palms Hotel and Conference Center
Professional Association of Innkeepers International
Redwood Suites
Riverside Sheriffs Association
Rural County Representatives of California
Sacramento Hotel Association
San Diego County Hotel-Motel Association
San Franciscans for Reasonable Growth
San Francisco Apartment Association
San Francisco Information Clearinghouse
San Francisco Tenants Union
San Mateo Central Labor Council
Santa Cruz County Conference & Visitors Council
Senior & Disabled Action
Service Employees International Union
ShareBetter San Francisco
The Sebastopol Inn
Town of Mammoth Lakes
Treasurer-Tax Collector, County of Contra Costa
Treasurer-Tax Collector, County of El Dorado
Treasurer-Tax Collector, County of Mendocino
Treasurer-Tax Collector, County of San Luis Obispo
Treasurer-Tax Collector, County of Siskiyou
Treasurer-Tax Collector, County of Sierra
Treasurer-Tax Collector, County of Sonoma
Treasurer-Tax Collector, County of Tulare
Treasurer-Tax Collector, County of Tuolumne
United Firefighters of Los Angeles City
UNITE-HERE
UNITE-HERE, Local 2
West of Twin Peaks Council
3 individuals